

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AGRE-00 CEA-01 CIAE-00  
DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04  
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /087 W  
-----260247Z 101410 /63

R 251200Z MAR 77  
FM AMEMBASSY PRAGUE  
TO SECSTATE WASHDC 2336  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMEMBASSY MOSCOW  
AMEMBASSY SOFIA  
AMEMBASSY WARSAW  
USMISSION NATO  
USDOC WASHDC

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E.O. 11652: N/A  
TAGS: EALR, EGEN, EFIN, CSCE, CZ  
SUBJECT: INTERVIEW WITH DEPUTY FINANCE MINISTER SVOBODA

REFS A. PRAGUE 0357 B. PRAGUE 0249(NOTAL), C. PRAGUE 0023  
\$. PRAGUE 0020

1. SUMMARY: AFTER FOUR-MONTH DELAY, DEPUTY FINANCE MINISTER  
RECEIVES  
E/C COUNSELRO. OVER AN HOUR OF QUESTIONS PRODUCES LITTLE INFORMATION  
,  
ALTHOUGH SOME TIDBITS GLEANED. MEETING UNDERLINES GOC'S  
FUNDAMENTAL REFUSAL TO ALLOW NORMAL ACCESS TO ITS OFFICIALS OR TO  
PROVIDE USEFUL INFORMATION FOR EMBASSY. END SUMMARY.  
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2. E/C COUNSELOR WAS RECEIVED MARCH 23 BY DR. MIRKO SVOBODA,  
DEPUTY MINISTER OF FINANCE, TO DISCUSS VARIETY OF ECONOMIC TOPICS.  
EMBASSY REQUESTED THIS AND TWO OTHER APPOINTMENTS, AS WE ARE  
REQUIRED TO DO BY GOC, BY LETTER TO OFFICE OF DIPLOMATIC PROTOCOL,  
MINISTER OF FOREIGN AFFAIRS, LAST NOVEMBER 22. RESULTS OF  
INTERVIEW HARDLY JUSTIFIED FOUR-MONTH WAIT. (OTHER TWO INTERVIEWS

REQUESTED NOV. 23 WERE WITH STATE PLANNING COMMISSION, REPORTED REF D, AND FEDERAL PRICE OFFICE, REF B, FOR WHICH WE CONTINUE TO WAIT.)

3. SVOBODA MEETING GOT OFF TO CHILLY START WHEN E/C COUNSELOR COMPLAINED STRONGLY THAT EMBASSY HAD TO WAIT FOUR MONTHS - AND LONGER - FOR APPOINTMENTS WITH GOC OFFICIALS WHEN CZECHOSLOVAK DIPLOMATS IN WASHINGTON HAVE FAR MORE REASONABLE ACCESS TO USG OFFICIALS. NOTING THAT PROBLEM IS COMPOUNDED BY DEARTH OF ECONOMIC INFORMATION WHICH GOC MAKES AVAILABLE TO US AND STRESSING THAT US EMBASSY SEEKS TO COMPLY WITH MFA INSTRUCTIONS ON THESE MATTERS, HE ASKED WHAT CAN BE DONE (E.G. ALLOWING US TO CONTACT MINFIN DIRECTLY) TO IMPORVE EMBASSY ACCESS TO MINFIN OFFICIALS. SVOBODA BLANDLY EVADED ISSUE AND INDICATED WE MUST TILL REQUEST MINFIN APPOINTMENTS THROUGH MFA. HE IGNORED SUGGESTION THAT EMBASSY BE ALLOWED TO DEAL WITH MINFIN OFFICIALS LESS SENIOR AND THUS LESS BUSY THAN DEPUTY MINISTERS.

4. SVOBODA (ABOUT 45) IS URBANE, HIGHLY EDUCATED TECHNOCRAT WHO IS SKILLED AT DODGING QUESTIONS. HE TAKES PRIDE IN BEING DEPUTY FINANCE MINISTER RESPONSIBLE FOR INTERNATIONAL AFFAIRS AND IN FACT HE TRAVELS OFTEN AND WIDELY, ALTHOUGH HE SAYS HE'S NEVER VISITED THE US. THE FEW SIGNIFICANT GLEANINGS FROM OVER AN HOUR OF QUESTIONS FOLLOW:

A. FUTURE WESTERN BORROWINGS BY GOC DEPEND UPON MANY FACTORS, INCLUDING RIGHT PROJECT TO FINANCE AND ADVANTAGEOUS INTEREST RATE. EXCEPT FOR FAILURE TO RULE OUT SUCH BORROWINGS IN NEAR FUTURE, SVOBODA SHED NO LIGHT ON THIS TOPIC.  
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B. SVOBODA INTIMITATED HE FOLLOWS IMF DEVELOPMENTS CLOSELY. IN RESPONSE TO QUERY ABOUT PROSPECTS FOR GOC AND OTHER CEMA COUNTRIES JOINING FUND, HE SAID ONLY THAT DESPITE MANY CHANGES SINCE BRETTON WOODS, IMF REMAINS A PURELY CAPITALIST INSTITUTION NOT SUITED TO COMMUNIST COUNTRIES' INTERESTS.

C. ON OTHER HAND, SVOBODA WAXED ENTHUSIASTIC ABOUT GROWING IMPORTANCE OF TRANSFERABLE RUBLE (TR), A "VERY STABLE CURRENCY". HE FORESEES GROWING USE OF TR'S NOT ONLY AMONG CEMA COUNTRIES BUT ALSO BETWEEN THEM AND WEST. IN REPLY TO SKEPTICISM ABOUT LATTER POINT, SVOBODA PREDICTED - MOST UNCONVINCINGLY - THAT TR MECHANISM WILL SOON PROVIDE IMPORTANT FINANCIAL LINK BETWEEN CAPITALIST AND "SOCIALIST" ECONOMIC BLOCS.

D. WESTERN BANKS ARE ALLOWED TO OPEN REPRESENTATIVE OFFICES IN CSSR (REF C) ALTHOUGH GUIDELINES SET OUT IN DECREE 125 OF LATE 1975 DO NOT APPLY TO THEM. HOWEVER, NO SIMILAR

GUIDELINES HAVE BEEN DRAWN UP FOR BANKS. WESTERN BANKS INTERESTED IN A REP OFFICE SHOULD "NEGOTIATE" WITH STATE BANK.

5. IN RESPONSE TO QUERIES ON GOC BUDGET AND INTERNAL FINANCE, SVOBODA INSISTED SUCH QUESTIONS WOULD HAVE TO BE POSED TO DEPUTY FINANCE MINISTER MIROSLAV ZAMECNIK, WHO HAS RESPONSIBILITY FOR DOMESTIC MATTERS. E/C COUNSELOR ASKED IF HE WOULD HAVE TO WAIT ANOTHER FOUR MONTHS FOR AN APPOINTMENT WITH ZAMECNIK, BUT SVOBODA WAS UNMOVED AND MAINTAINED EMBASSY MUST CHANNEL REQUESTS FOR CALLS ON FINANCE THROUGH MFA'S PROTOCOL FUNCTIONARIES.

6. COMMENT: CALL ON SVOBODA UNDERLINES AGAIN GOC'S FUNDAMENTAL REFUSAL TO ALLOW NORMAL ACCESS TO ITS OFFICIALS OR TO PROVIDE USEFUL INFORMATION FOR THIS EMBASSY. SVOBODA, LIKE OTHERS IN BUREAUCRACY, SEEMS WILLING ONLY TO GO THROUGH MOTIONS IN MEETINGS WITH EMBOFFS AND TO PARROT MOSCOW-SANCTIONED VIEWS (E.G. ON TR'S). EMBASSY WILL CONTINUE TO PRESS FOR BETTER TREATMENT, BUT WE SEEN LIMITED OFFICIAL USE

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NO SIGNS OF IMPROVEMENT.  
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## Message Attributes

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